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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Colleges and Universities...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)

Assembly

Record of Committee Proceedings

Committee on Colleges and Universities

Assembly Bill 111

Relating to: allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately.

By Representatives Kreibich, Suder, Gard, Gronemus, Moulton, Parisi, Ballweg, Ott, Zepnick, Petrowski, Berceau, Mursau, Vrakas, Nass, Pocan, Wood, Grigsby, Ainsworth, Hundertmark, Musser, F. Lasee, Kestell, Hahn, Pridemore, Van Roy, Gunderson, Townsend, Albers and Hines; cosponsored by Senators Kanavas, Miller, Darling, A. Lasee, Roessler, Grothman and Stepp.

February 22, 2005 Referred to Committee on Colleges and Universities.

March 22, 2005 **PUBLIC HEARING HELD**

Present: (11) Representatives Kreibich, Ballweg, Underheim, Nass, Jeskewitz, Towns, Lamb, Shilling, Black, Boyle and Molepske.

Absent: (1) Representative Schneider.

Appearances For

- Jack Voight — Sec., State Treasurer
Michael Vaughan, Madison — WI Institute of CPA's
Sandy Drew, Madison

Appearances Against

None.

Appearances for Information Only

None.

Registrations For

Mark Miller — Sen., State Senate

Registrations Against

None.

March 22, 2005

EXECUTIVE SESSION HELD

Present: (11) Representatives Kreibich, Ballweg, Underheim, Nass, Jeskewitz, Towns, Lamb, Shilling, Black, Boyle and Molepske.

Absent: (1) Representative Schneider.

Moved by Representative Underheim, seconded by Representative Lamb that **Assembly Amendment 1** be recommended for adoption.

Ayes: (11) Representatives Kreibich, Ballweg, Underheim, Nass, Jeskewitz, Towns, Lamb, Shilling, Black, Boyle and Molepske.

Noes: (0) None.

Absent: (1) Representative Schneider.

ASSEMBLY AMENDMENT 1 ADOPTION RECOMMENDED, Ayes 11, Noes 0

Moved by Representative Underheim, seconded by Representative Lamb that **Assembly Bill 111** be recommended for passage as amended.

Ayes: (11) Representatives Kreibich, Ballweg, Underheim, Nass, Jeskewitz, Towns, Lamb, Shilling, Black, Boyle and Molepske.

Noes: (0) None.

Absent: (1) Representative Schneider.

PASSAGE AS AMENDED RECOMMENDED, Ayes 11, Noes 0

Brad Hub
Committee Clerk

Record of Committee Proceedings

Joint survey committee on Tax Exemptions

Vote Record

Committee on Colleges and Universities

Date: 22 March AB 111

Moved by: _____ Seconded by: _____

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt 1
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:
☒ Passage ☐ Adoption ☐ Confirmation ☐ Concurrence ☐ Indefinite Postponement
☐ Introduction ☐ Rejection ☐ Tabling ☐ Nonconcurrence

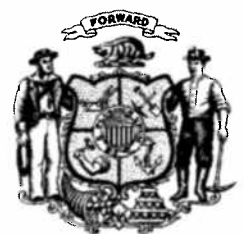
<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Rob Kreibich, Chair <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joan Ballweg <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gregg Underheim <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Nass <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Debra Towns <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Andy Lamb <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jennifer Shilling <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Marlin Schneider	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Spencer Black <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Frank Boyle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Louis Molepske <i>✓</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>11</u>	<u>0</u>	<u>1</u>	<u> </u>

☐ Motion Carried

☐ Motion Failed



WISCONSIN STATE LEGISLATURE





TED KANAVAS

STATE SENATOR

Date: Tuesday, March 22, 2005

To: Members of the Assembly Committee on Colleges and Universities

From: Senator Kanavas

Re: Testimony in support of AB 111 - relating to: allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately.

Chairman Kreibich and members of the committee, I greatly appreciate the opportunity to submit testimony in support of Assembly Bill 111 (AB 111), which will allow an income tax deduction for amounts contributed by a divorced or legally separated parents to his or her child's Edvest account.

At the request of a divorced parent from the 33rd Senate District, Representative Kreibich, Representative Pridemore, Senator Miller and I introduced this legislation as well as its Senate companion, Senate Bill 53 (SB 53).

Currently, in order for a parent to be able to deduct an EdVest contribution from his or her income taxes, their child must be listed as a dependent on their tax forms. Divorced parents, such as my constituent, whom are not able to claim their child as a dependent on their tax forms, are therefore not able to claim the Edvest deduction.

It is arguably unfair to deny a divorced parent a deduction for an EdVest contribution to their child's education when that same child's grandparents, aunts and uncles are permitted the deduction under current law.

AB 111 would simply expand the individual income tax deduction for contributions made by parents to an EdVest account when the beneficiary is the claimant's child and dependent to include contributions made by a divorced or legally separated parent to an account when the beneficiary is the claimant's child, and not necessarily the claimant's dependent.

In speaking to Assembly Amendment 1 to AB 111 (and Senate Amendment 1 to SB 53), Representative Kreibich and I believe that the original language of the bill is too limiting for married couples that file separately. In drafting this legislation, the Department of Revenue had asked to limit married couples that file separately to \$1,500 for administrative reasons. After hearing from several certified public accountants, who felt it was unfair to deny the full \$3,000 deduction to any parent who invests in their child's education, we agreed and drafted the amendment.

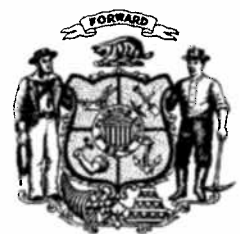
Again, thank you for the opportunity to share my support of AB 111 and Assembly Amendment 1. I would appreciate your support of AB 111 as amended.

STATE CAPITOL

P.O. BOX 7882 • MADISON, WISCONSIN 53707-7882
(608) 266-9174 • (800) 863-8883 • FAX: (608) 264-6914



WISCONSIN STATE LEGISLATURE

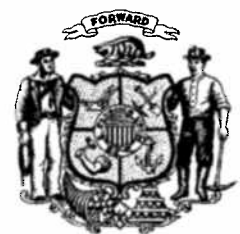


Assembly Committee on Colleges and Universities
Talking Points for AB111
Jack Voight, State Treasurer
March 22, 2005

- Chairman Kreibich, this committee and the Wisconsin legislature have all been early supporters in encouraging families to save in advance for higher education expenses. The EdVest program was launched in 1997 and major improvements were made in 2001, allowing the program to take full advantage of federal “section 529 program” tax benefits and to successfully compete with the college savings programs now offered by every other state.
- The expanded EDVEST program has been very successful. We partnered with the private sector in 2001 to improve program operations and services. Wells Fargo is now our program manager, and we also offer investment options from Vanguard, Robert W. Baird and Legg Mason. We have over 185,000 accounts with over \$1.3 billion invested. About half of the accounts are from Wisconsin residents.
- The program offers a state tax deduction allowing parents, aunts, uncles, grandparents and great-grandparents to deduct from taxable state income up to \$3,000 per year per child for contributions to their EDVEST account.
- The tax deduction has been very effective as an incentive to get families to start saving for future college expenses. We have, however, received many calls from divorced parents who feel excluded from eligibility because of their marital status. Many divorced parents share custody of their child, and they each claim the child as a dependent every other year. Unfortunately, this makes them eligible for the EdVest deduction only every other year.
- We know that to reach one’s college savings goals it is very important to save on a regular, ongoing basis. AB 111 would allow divorced parents to do that and be eligible for the same tax benefits as their married counterparts.
- This bill would not affect a large number of people but it would make a significant difference to them and their kids.



WISCONSIN STATE LEGISLATURE



COMMENTS RE 2005 ASSEMBLY BILL 111

My name is Michael Vaughan and I represent the Wisconsin Institute of Certified Public Accountants. We enthusiastically support the major thrust of AB 111, which gives a noncustodial parent the right to take up to a \$3,000 Wisconsin income tax deduction for making an EdVest contribution for his or her child. Present law limits the deduction essentially to the custodial parent. We agree entirely with the intent of this change.

We are puzzled, however, by another portion of the bill that newly specifies that the deduction be limited to \$1,500 in the case of a married taxpayer filing separately. This portion seems to be looking unnecessarily for a nit to pick. What if that taxpayer makes the only \$3,000 contribution? Why should his or her deduction be limited to \$1,500? Divorced taxpayers will face no such limit.

And what about the other kinds of taxpayers who are entitled to these deductions when they make contributions? Grandparents may take these deductions. If my notion of genetics is correct, we may each have four living grandparents. Should each grandparent be limited to a \$750 contribution? The law also allows great-grandparents and aunts and uncles to take these deductions. Should they be limited to some fractional share of \$3,000, whether or not others in their class of relatives make similar EdVest contributions?

We are not aware that there is a problem with multiple contributions that cries out for redress here. We respectfully suggest that SECTIONS 2 and 4 of the bill be deleted as unnecessary and complicating, and that the main part of this bill be speedily recommended for passage.